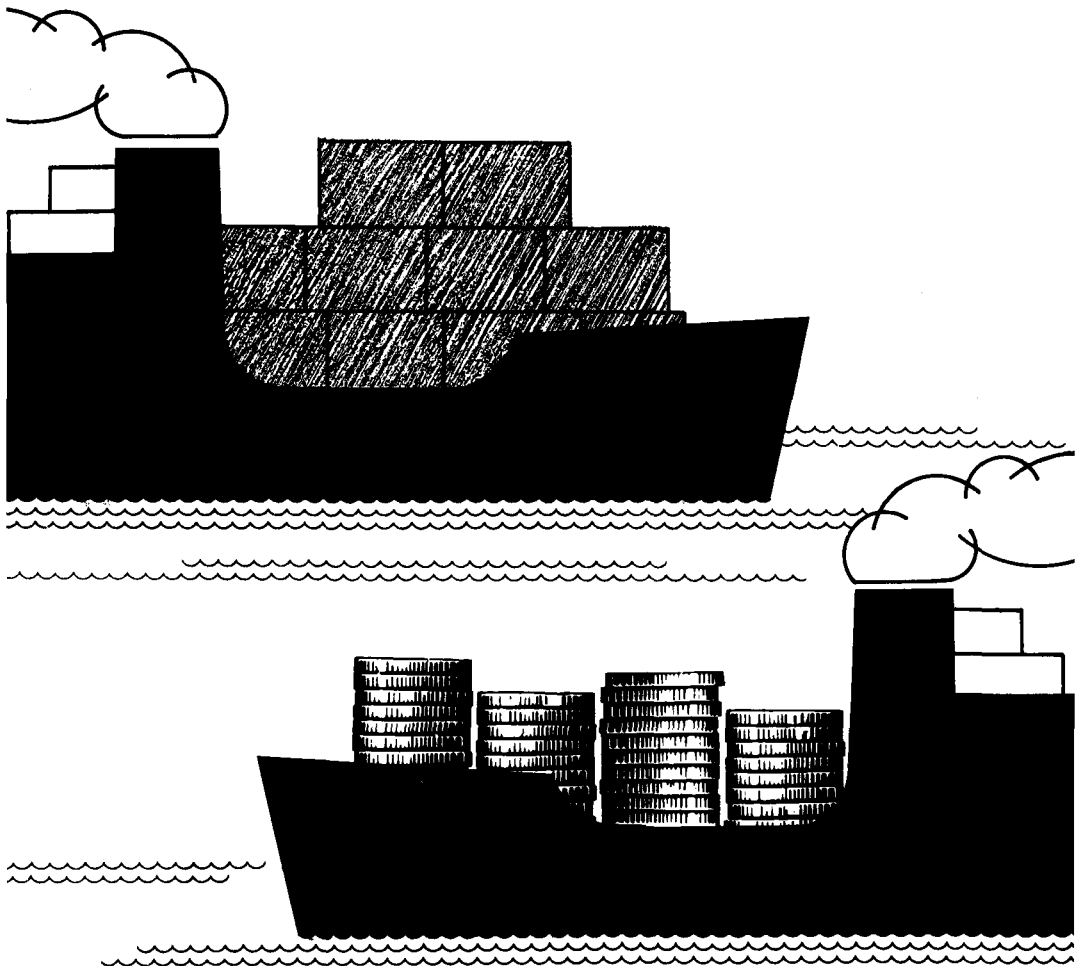


European Community

No. 7

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Exports up again





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Contents

Economic Affairs



EEC trade improves again
UK's deficit cut in 1977. pp 3-6

Economic Affairs



More help for business
Commission amends its plans. p 14

News



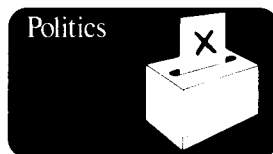
The month in Europe
p 7

Dossier



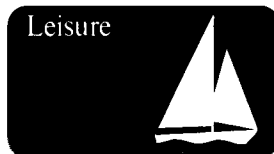
News
p 15

Politics



Cargo liner shipping
Threat from state-trading
countries. pp 8-10

Leisure



Illness abroad
Sickness expenses in
another Community Country. p 16

Consumer Affairs



Ads you can trust
The Commission proposes
extra safeguards. pp 11-13

The Community in July

July 24 Finance Council
July 24 EEC/ACP Council
July 24 & 25 Agriculture Council
July 25 Foreign Affairs Council

There are no council meetings in August



EEC trade improves again

UK's deficit cut in 1977

The year 1977 saw the second successive improvement in the UK's visible trade balance with the rest of the Community since 1970.

The deficit fell by £404 million between 1976 and 1977, to £1,678 million. Over this period, exports grew nearly half as fast again as imports, by 31 per cent against 22 per cent. In 1977 the value of exports was 88 per cent of the value of imports, the highest proportion since 1971.

The reduction in the UK's visible trade deficit with the rest of the Community in 1977 was a contributory factor in the reduction of nearly £1,900 million in the deficit with the world in total. However, the main influence in the overall improvement was the movement into a substantial surplus with the oil exporting countries. There was also an increase in the surplus with the rest of Western Europe, while the trading deficit with North America was reduced. In marked contrast, the trade balance with other developed countries moved into deficit by £382 million from the small surplus of 1976.

Trade by commodity

A commodity breakdown of Britain's exports to and imports from the rest of the Community on a balance of payments basis is not

available, but the commodities contributing to the movements in the overall deficit can be seen from the 'crude' balance of trade, i.e. the difference between exports fob and imports cif. Although this is not a good measure of the balance of trade in goods because, inter alia, of differences in valuation, these crude balances provide a reasonable indication of the trends in the balances through time. There is also a discontinuity in the statistics, mainly on food, as a result of a change in mid-1976 in the method of payment of monetary compensatory amounts.

Table 2 gives figures of the value of UK exports to and imports from the rest of the Community by broad commodity group, and the corresponding crude trade balances and export/import ratios, which indicate the proportion of imports covered by exports.

The main change between 1976 and 1977 by SITC section was the substantial turnaround from deficit to surplus in the crude trade balance for fuels, reflecting sharply increased exports of crude oil. There were also small improvements in an increased surplus for the other semi-manufactures' group and a reduced deficit in other manufactures. These improvements were partly offset by a marked increase in the deficit in machinery and transport equipment,

which was more than accounted for by a sharp deterioration in the deficit on passenger motor cars, and by a smaller worsening in chemicals.

Food and live animals

Unlike the earlier years of membership, when movements in the UK's crude trade balance with the Community in food and live animals had been a major contributor to changes in Britain's total balance of trade with the rest of the Community, in 1977, for the second successive year, the trade deficit in food and live animals changed only slightly — from £1,423 million in 1976 to £1,444 million — and the export/import ratio rose again to 36 per cent, compared with a low of 13 per cent in 1974. The movement between the latest years resulted from a 45 per cent rise in the value of exports and a 14 per cent increase in imports.

Although the total food balance moved only slightly, there were disparate movements in some of the constituent commodities. The balance of trade in dairy produce improved by £38 million in 1977. Within this commodity group, the value of exports of dried milk and cream was halved, while exports of butter fell slightly. This latter fall was more than offset by a £59 million fall in imports, mainly as a result of reduced demand, and rising home production. The deficit on trade in cereals improved by £55 million in 1977. This was mainly due to an increase in exports of grain and cereal preparations; for imports, there was a halving in the arrivals of maize from £135 million in 1976 to £75 million in 1977, which was compensated for by increased imports of barley from the rest of the Com-

munity and maize from other countries. Part of the increase in the deficit in fruit and vegetables resulted from increased arrivals of fresh fruit from France and Italy. The value of deliveries of French apples increased from £40 million in 1976 to £53 million in 1977, and Italy made higher deliveries in both soft and stone fruits. Imports of sugar from the rest of the Community, at £84 million in 1976, increased to £101 million in 1977, complementing reduced supplies from our former markets.

Exports of live animals increased last year, mainly reflecting higher deliveries of cattle to Ireland, up from a low £5 million in 1976 to £30 million in 1977, and to France. The fall in the imports of Irish cattle for fattening in the UK in the previous year, as a result of drought, was reversed with the return to more normal climatic conditions.

Beverages and tobacco

In 1977 an improvement in the crude balance for tobacco largely offset a further deterioration in the deficit for beverages, leading to little change in the overall deficit.

Basic materials

Following a worsening in the crude deficit in 1976, there was some small improvement in 1977, as exports rose by 17 per cent and imports by 11 per cent.

Fuels

Over 95 per cent of the UK's trade in fuels with the Community consists of trade in petroleum and petroleum products. The improvement of £374 million between 1976 and 1977 in

the crude trade balance in these products led to a swing from £254 million deficit into a £120 million surplus: exports rose by 62 per cent and imports 7 per cent. The major factor in this rise was increased crude oil exports up from £96 million in 1976 to £550 million in 1977.

Manufactured goods

Although the UK's crude trade deficit in manufactures with the Community worsened by £161 million, the export/import ratio was unchanged as exports and imports each rose by 28 per cent.

For chemicals, the rise in exports, 28 per cent, was slightly less than the rise in imports, and the crude trade deficit worsened by around £50 million. Within this group, the deficit in plastics continued to grow in 1977 although the export/import ratio was little changed. The growth in both exports and imports of plastics was sharply reduced in 1977, following the strong recovery in the previous year from the 1975 depressed levels.

For other semi-manufactures, exports and imports both rose by around 26 per cent, and the surplus widened. This improvement was more than accounted for by an improved balance of trade in precious stones with the value of diamond exports up from £468 million in 1976 to £623 million in 1977. Around 90 per cent of diamond exports to the rest of the Community are sent to Belgium/Luxembourg. There was also an improvement in the trade balance with the rest of the Community in iron and steel in 1977 compared with the previous year when little variation was shown in the deficit.

Last year saw a reduction in the deficit of £39 million to £278 million, with the export/import ratio at 51 per cent above the 43 per cent of 1976. In contrast, trade in textile yarns, etc., and rubber manufactures moved adversely.

For machinery and transport equipment, the increase in exports was slightly less than in imports, and the crude trade deficit for this major group deteriorated by some £200 million. The crude trade deficit in mechanical machinery was virtually unchanged in 1977. This was the result of divergent movements in the constituent parts with an improvement in the crude trade balance in power generating machinery being offset by declines notably in machinery for specialized industry. Exports and imports of office machines and ADP equipment, including statistical machines, both rose strongly leaving the balance little changed. The growth of exports of electrical machinery between 1976 and 1977 exceeded that of imports, but this was insufficient to prevent a further increase in the crude trade deficit. There was a sharply worsened deficit of £274 million in road vehicles, as a rise of one third in exports contrasted with an increase of over one half in imports. Within this group, exports of passenger motor cars in 1977 amounted to £232 million (131,000 units), compared with £171 million (129,000 units) in 1976, while imports were £982 million (483,000 units) against £643 million (362,000 units) in 1976 — a deterioration of nearly £280 million in the deficit. Amongst other items under the road vehicles heading, there were small improvements in the surpluses on lorries, road vehicles other than motor

vehicles and parts for motor vehicles, with exports all rising sharply, but offsetting movements elsewhere. The other transport equipment category, which includes ships and aircraft, and where trade often moves erratically, was in balance in 1977 following a large deficit the previous year.

The deficit on trade in other manufactures (which are mainly consumer goods) narrowed again in 1977 as exports rose by 37 per cent and imports by 29 per cent. Within the group there was a further improvement in the surplus on clothing, while the deficit on furniture was virtually eliminated.

Note: Adapted from *Trade and Industry*, May 19, 1978.

Table 1 UK balance of trade with the rest of the Community

	Balance of payments basis			
	Percentage change on previous period			Exports as a proportion of imports %
	Exports fob £	Imports fob million	Visible balance	
1970	2,347	2,303	+ 44	101.9
1971	2,511 (+ 7)	2,696 (+ 17)	-185	93.1
1972	2,835 (+ 13)	3,419 (+ 27)	-584	82.9
1973	3,943 (+ 39)	5,125 (+ 50)	-1,182	76.9
1974	5,581 (+ 42)	7,608 (+ 48)	-2,027	73.4
1975	6,273 (+ 12)	8,678 (+ 14)	-2,405	72.3
1976	9,027 (+ 44)	11,109 (+ 28)	-2,082	81.3
1977	11,855 (+ 31)	13,533 (+ 22)	-1,678	87.6

Table 2 UK trade with the rest of the Community by commodity

OTS basis		£ million										
SITC (R2) section	Exports			Imports			Crude balance			Exp./Imp. ratio		
	1975	1976	1977	1975	1976	1977	1975	1976	1977	1975	1976	1977
0 Food and live animals	456	570	824	1,926	1,993	2,268	-1,470	-1,423	-1,444	24	29	36
of which												
01 Meat	130	164	217	439	501	618	-310	-336	-401	30	33	35
02 Dairy products	35	88	64	447	413	350	-412	-324	-286	8	21	18
04 Cereals	113	58	121	374	418	426	-261	-360	-305	30	14	28
05 Fruit and veg	25	38	55	196	248	300	-171	-210	-245	13	15	18
06 Sugar	20	26	31	171	84	101	-152	-58	-70	12	31	31
1 Beverages and tobacco	110	146	183	176	219	259	-66	-73	-76	63	67	71
2 Basic materials	282	406	460	265	438	478	+ 17	-32	-17	106	93	96
3 Fuel	466	761	1,216	781	1,000	1,097	-315	-238	+ 119	60	76	111
of which												
33 Petroleum and petroleum products	417	716	1,160	762	970	1,040	-345	-254	+ 120	55	74	112
4 Vegetable oils	15	18	33	46	48	63	-30	-30	-30	33	38	52
5 to 8 Manufactured goods	4,999	7,201	9,217	5,543	7,664	9,841	-544	-463	-624	90	94	94
5 Chemicals	738	1,092	1,398	744	1,154	1,508	-6	-62	-109	99	95	93
of which												
58 Plastics	115	198	246	178	332	407	-63	-134	-160	65	60	60
6 Other semi-manufactures	1,357	2,123	2,685	1,537	2,005	2,523	-180	+ 119	+ 162	88	106	106
of which												
667 Precious stones	275	476	633	129	187	279	+ 146	+ 289	+ 354	213	255	227
67 Iron and steel	159	235	292	473	552	570	-315	-317	-278	34	43	51
7 Machinery and transport equipment	2,327	3,144	3,979	2,553	3,573	4,608	-226	-430	-629	91	88	86
of which												
71 to 74 Machinery	952	1,213	1,520	1,019	1,277	1,590	-67	-64	-70	93	95	96
75 Office machines	273	365	456	289	383	478	-15	-18	-22	94	95	95
76 and 77 Electrical machinery	348	468	611	398	519	683	-50	-51	-73	87	90	89
78 Road vehicles	512	800	1,069	576	986	1,529	-64	-186	-460	89	81	70
8 Miscellaneous manufactures	577	842	1,156	709	932	1,203	-132	-91	-48	81	90	96
9 Other goods	160	148	194	136	149	155	+ 24	-1	+ 39	118	99	125
Total 0-9	6,490	9,249	12,128	8,872	11,510	14,161	-2,383	-2,261	-2,033	73	80	86



The month in Europe

Regional grants

The UK has been allotted a further £22.7 million from the European Regional Development Fund, the first allocation for 1978. This brings the total regional fund grants in Britain to £173 million since the Fund was set up in 1975.

Food subsidies

Between February 1, 1974 and April 30, 1978, the UK received £114.5 million in direct subsidies on butter and through the beef tokens and 'social butter' schemes for old-age pensioners. This was announced by the Minister of State at the Ministry of Agriculture, Fisheries, and Food, the Rt Hon. Edward Bishop, JP, MP, in answer to a Parliamentary Question on June 6.

Save it

On May 30, the Council agreed in principle to give financial aid for energy-saving demonstration projects. It also agreed to a framework Regulation on aid for projects to exploit alternative energy sources.

JET propelled

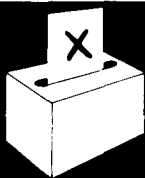
The Joint European Torus (JET) project is moving ahead. The Council has adopted the necessary decision for its establishment at Culham, already agreed, and has set a preliminary budget of some £6.8 million for the first half of the construction phase. It is expected to employ about 350 staff.

Learning Japanese

The Commission proposes to include in the Community's 1979 budget enough money to allow 20 people to be sent to Japan for 18 months each so as to learn Japanese and improve cultural, economic and trade relations between Japan and the Community.

Mehr Licht?

If all incandescent lamps were replaced by fluorescent tubes, the energy saving in the UK would be 1,000 megawatts, and 4,760 megawatts in the Community as a whole. But in providing these figures in answer to a European Parliamentary Question, the Commission points out that they are purely theoretical, since private users have to make their own choice.



Cargo liner shipping

Threat from state-trading countries

The Council recently agreed to monitor competition in shipping from State-trading countries. Its decision did not go as far as the Commission had originally proposed in seeking to impose restrictions, but the British Government expressed satisfaction at what had already been achieved. The article that follows describes the Commission's proposals in this field.

The European Community's cargo-carrying trade is today threatened by increasing competition from the state-trading countries which is seriously undermining the activities of the Community's carriers. Mr Richard Burke, European Commissioner for Transport, said in February that the countries of the Comecon group now had a virtual monopoly in its bilateral trade with Community countries and had already obtained about 20 per cent of the shipping trade on other lucrative routes, such as the North Atlantic and the Mediterranean.

Last year the Council of Ministers asked the Commission to examine the problem. The Commission has since submitted proposals for a Decision. It hoped that this would:

- ☐ seek to provide a framework in which efficient Community shipping companies can compete with the state-trading country fleets;
- ☐ establish monitoring procedures to follow the activities of liner

operators of Comecon countries using Community ports; and

- ☐ enable certain restrictions to be placed on cargoes carried to and from Community ports in state-trading country vessels.

Shipping

The Community accepts that the state-trading countries have every right to compete for the cargo-carrying trade. The concern arises from the fact that the competition is unfair. The Commission points out that the non-market economies of Comecon countries means that their liner shipping trade practices do not reflect the true costs (including profit) of the market economy, hence making it impossible for even the most efficient of the Community shipping lines to compete with them. In addition the Soviet Union and other Comecon countries impose administrative and trade barriers which prevent member State shipping lines from establishing agencies in their countries, while yet remaining free to establish such agencies in the Community. The result has been substantial undercutting of freight rates in trade between member States and third countries, and between third countries, allowing Comecon operators to cream off the most profitable traffic and put member States' shipowners under constant financial pressure.

Since the early 1970s the Soviet Union has been swiftly expanding its cargo liner fleet and has plans to expand still further. It now carries 95 per cent of its own bilateral trade with Community countries, and is becoming increasingly successful in cross-trades between third countries.

Operating outside the international liner conferences, Comecon countries, — mainly the Soviet Union, Poland and East Germany — are reported to have captured 18 per cent of the eastbound and 22 per cent of the westbound liner conferences' North Atlantic cargo traffic. Their fleets carry between a fifth and a quarter of traffic between Northern Europe and the west coast of South America, between Gulf of Mexico ports and the Mediterranean, and the Europe-East African route. They now also carry 12 per cent of traffic between Japan and the west coast of the United States. While these proportions are less alarming than the bilateral carrying figures, the Commission points out that they are likely to increase unless corrective action is taken.

This can only be done by governments, since Community liner companies have no effective way of competing successfully with the state-trading countries' fleets at commercial level. In the Commission's view it is urgent to take action now.

Proposals

The object of the Commission's proposals was to provide the Community, through concerted action by the member States, with an adequate framework to resist unfair competition from Comecon countries. Briefly, the Commission's proposals were:

□ that member States and the Community should define the objectives to be pursued in relation to cargo liner shipping by state-trading countries;

□ that member States should set up monitoring procedures enabling them to follow the activities of the liner operators of state-trading countries using Community ports;

□ that member States and the Commission should regularly examine developments in this area through approved consultative procedures;

□ that the Council, in certain circumstances and on a proposal from the Commission, should take powers to place quantitative restrictions on cargo carried to and from Community ports in state-trading country vessels. These restrictions could be applied generally, by certain member States only, or in a specific area or trading range.

Policy

Last December the Commission sent a proposal to the Council concerning negotiations for Community accession to the UN Convention on a Code of Conduct for Liner Conferences. The code, not yet in force, deals with such subjects as liner conference membership, cargo sharing, voting arrangements in conferences, consultation between shipowners and shippers, and the procedures for changing freight rates and resolving disputes.

Basically its objective is to enable the developing countries to share with the traditional carriers in the transport of world trade. Member States have been divided on the code; some have sought to ratify it, others are hostile. Efforts are now in hand to achieve a common approach.

The threat from the Comecon

states is a separate issue, but here again members do not see eye to eye. This partly reflects the size of their merchant marine (see below), partly political relations with the Soviet Union and Eastern European countries.

EEC Liner Fleets

(Source: UNCTAD)

Britain	6.5m tons
Germany	3.6m „
Netherlands	2.1m „
France	1.6m „
Denmark	1.4m „
Italy	1.3m „
Belgium	0.3m „
Ireland	0.04m „
	<hr/>
	17.2m tons

(World Total, 73m tons; USSR 6.5m tons; USA 4.0m tons)

London *Times*, 21.4.1978

The Commission points out that while some may argue that the state-trading countries must be allowed to earn hard currencies in the West through the sale of shipping services to pay for Western commodities and technology (the Soviet Union earned about \$600 million in 1976 from its international shipping), only a small part of Comecon's foreign trade can

be covered by the income resulting from shipping. It seems, therefore, unlikely that the placing of limits on these countries' participation in the Community's cargo liner traffic would have a negative impact on the Community's trade with them. In any case the state-trading countries would not have much scope for shifting their demand pattern geographically as both the United States and Japan are preparing legislation to counteract the impact of state-trading operators on their cargo liner trade.

There is also the question of existing agreements, such as bilateral agreements between the member States and the Soviet Union or other state-trading countries which usually grant each of the contracting parties most favoured nation status in maritime relations, and broader international agreements such as the Helsinki Agreement. The Commission argues that its proposals are not contrary to the spirit of the latter; as for the former, the proposals might well require some renegotiation of the bilateral agreements, but member countries could claim that these had not been meaningfully observed by their state-trading partners.

Statistic of the Month

Fewer customs officers — or more?

Between 1958 and 1977, the number of customs officers employed by the Community's six founder-member States fell from 69,437 to 67,922. But in the three new member States, between 1973 and 1977, the number rose from 28,471 to 34,630. The increase in the United Kingdom was from 22,643 to 23,977, and in Ireland from 1,615 to 1,840. However, in Denmark, the number fell from 5,012 to 4,786; and in the year ending on March 31, 1978, according to figures from HMG, the total number of staff in Britain's Customs and Excise fell by 569. A significant part of this last reduction was attributable to the ending of customs duties between the Community's member States.



Ads you can trust

The Commission proposes extra safeguards

Proposed Community legislation on misleading and unfair advertising would mean that organizations and individuals in Britain would have a more clearly-defined right to seek court action against an advertiser if his ad was misleading or unfair. If the courts found against the advertiser, they would be empowered to require publication of a corrective statement, as well as other sanctions.

The Commission, which has put forward this proposal, emphasizes that it would not interfere with the existing self-regulatory bodies in the advertising industry, whose useful work it recognizes. What is more, it should help advertisers to plan campaigns on a Community-wide basis without facing completely different laws in different countries.

Background

All Community countries have some legislation designed to prevent misleading and unfair advertising, but how stringent and specific it is varies from country to country. In April 1975 the Council of Ministers agreed on a Community programme for consumer protection and information which laid down some basic principles affecting advertising, and the Commission was instructed to submit appropriate proposals to protect the consumer against false or misleading advertising.

The proposal which the Commission recently sent to the Council defines unfair and misleading advertising and advocates action against it. If adopted, the directive would require amending legislation in all the member States. In Britain the advertising industry has expressed reservations, but consumer organizations have welcomed it.

Definition

The proposal clearly defines what is meant by misleading or unfair advertising:

Misleading advertising: This means any advertising which is entirely or partially false, which having regard to its total effect, including its presentation, misleads or is likely to mislead persons addressed or reached thereby, unless it could not reasonably be foreseen that these persons would be reached.

Unfair advertising: This falls under five heads, where the advertisement:

- ☐ casts discredit on another person by improper reference to his nationality, origin, private life, or good name;
- ☐ injures or is likely to injure the commercial reputation of another person by false statements or defamatory comments concerning his firm, goods, or services;
- ☐ appeals to sentiment or fear, or

promotes social or religious discrimination;

□ clearly infringes the principle of the social, economic, and cultural equality of the sexes;

□ exploits the trust, credulity, or lack of experience of a consumer, or influences or is likely to influence a consumer or the public in general in any other improper manner.

The proposal would affect only advertising made in the course of a trade, business, or profession for the business of promoting the supply of goods and services, and does not apply to political advertising, advertising by private individuals, or to reports on comparative tests by independent organizations.

The Commission notes that whether an advertisement is misleading depends largely on to whom it is addressed and who is reached by it. Thus an advertisement for a specialist audience could be misleading to a layman for whom it was not intended. The draft directive makes special provision for such circumstances.

Unfair advertising is already illegal in all the member States, but definitions of what this means differ. Apart from the consumer interest, such differences offer loopholes for unfair competition in intra-Community trade. In its proposal the Commission has tried to cover all eventualities while at the same time allowing the courts or other arbiters reasonable discretion in deciding a particular case. In this respect, the *omission* of relevant information from an advertisement, which could lead to a false impression would be misleading.

Swift action

The Commission is concerned that, where misleading or unfair

advertising does occur, swift action should be taken to correct it. The choice of remedies would be left to each member State, so long as these are adequate and effective.

Thus the directive proposes that the courts should be enabled, even without proof of fault or of actual prejudice, to order that unfair or misleading advertising should be prohibited or stopped, and to take such decisions under accelerated procedures whether for interim or final effect. They should also be able to require publication of a corrective statement and the publication of their decision either in full or in part, and in such form as they may judge suitable. Penalties for infringement of the law must also be adequate.

It would be up to the advertiser, where he had made a factual claim, to prove that this claim was correct. The Commission emphasizes that this provision would not in any way oblige the advertiser to provide information to a competitor or consumer, nor must it be used for discovering secret information.

Self-regulatory bodies

In countries which permit self-regulatory bodies to operate controls on advertising (such as the Advertising Standards Authority in Britain), anyone having the right to take legal proceedings under the legislation would have both that right and the right to refer the matter to such self-regulatory bodies. The Commission recognizes the usefulness of these bodies and points out that its proposals would not affect them in any way. They would be able to go about their business exactly as before. The provision simply allows those affected by misleading or unfair advertising to refer their case

to independent courts if they wish.

The draft directive would not prevent member States taking further measures to protect the consumer if they saw fit, provided these conformed to the principles of the Rome Treaty. The Commission suggests that more exacting provisions may be justified as regards the advertising of certain products, such as narcotics, weapons, medicines, tobacco products, and food, or as regards advertising through certain media, such as on TV or by telephone.

Present position

As noted, misleading and unfair advertising is generally considered illegal in the member States. It is not, however, embodied in a special law, but part of more general legislation concerned with laws on fair competition, or with laws concerned with special products, such as food, cosmetics, chemicals, etc.

In the United Kingdom, for instance, apart from the common law, which also applies to advertising, there are over 60 Acts of Parliament and many regulations which deal with advertising in general or with individual aspects of advertising. The main general Acts are:

- the Misrepresentation Act, 1967, which enables a person, misled into making a contract as a result of misrepresentation of the product, to apply for rescindment or claim damages, or both as the case may be;
- The Trade Descriptions Act, 1968, which bans false descriptions of goods, false or misleading information about products or false statements about certain services, a ban enforced through criminal sanctions;
- The Fair Trading Act, 1973, which gives the Director-General of Fair Trading extensive powers of

investigation in the field of advertising, powers which may lead to the banning of certain practices.

In France, 1973 legislation forbids advertisements containing false or misleading statements. Infringements are prosecuted under the criminal law and the Court may require the publication of corrective statements. Consumer associations have a right of action in the general interest of consumers. A draft law under consideration is expected to reinforce criminal sanctions.

In Belgium a law of 1971 forbids the misleading advertising of moveable property. Both here and in Luxembourg there are also many specific laws for special sets of circumstances. In Italy the Codice Civile contains clauses against unfair competition and individual cases of misleading advertising. In the Netherlands there is at present no general legislation on misleading advertising but articles of the Burgerlijk Wetboek both make such advertising an illicit act whereby the person responsible is liable to pay compensation, and forbid misleading the public for the purpose of gaining a competitive advantage.

In Ireland penalties can be imposed under the Merchandise Marks Acts and further more stringent legislation is under consideration. A 1975 law in Denmark provides for the prohibition of business acts contrary to good marketing practice and there are penalties for infringements. A Consumer Ombudsman monitors observance of the law. In Germany the legislation aims at the ending of misleading advertising used in connection with business competition and gives trade associations and consumer organizations a right of action against advertisements in certain specific conditions.



More help for business

Commission amends its plans

The Commission has laid before the Council an amended version of its proposal for a Regulation establishing a new form of commercial association which should facilitate cooperation between small and medium-sized enterprises in the Community. This new instrument would be known as the 'European Cooperation Grouping' (ECG).

The original proposal for the ECG was submitted on December 21, 1973. In it, the Commission stated its intention of establishing an instrument enabling firms to cooperate regardless of frontiers and eliminating legal, tax, and psychological difficulties hampering cooperation. The ECG would be geared mainly — but not exclusively — to the needs of small and medium-sized enterprises.

Structure

An ECG would be formed by contract for a fixed term. Membership would be open to companies and natural persons running businesses provided at least two of them were covered by the laws of different member States. An ECG would have legal capacity, but its members would also retain their own legal statuses. The new instrument would have few governing bodies or binding rules. The sovereign body would be the general meeting of members, which, subject to a number of requirements contained

in the Council Regulation or the contract setting it up, would enjoy the widest powers when acting to achieve the object of the grouping. At the general meeting, all members would have equal rights, except where the contract provided otherwise. Each Grouping would also have to have a manager, who would be its legal representative.

An ECG would not be an economic entity distinct from its members. All its work would derive from and contribute to the objectives of its members, and all profits achieved would have to accrue to them. It would always be at the service of and dependent on its members.

Therefore a Grouping could not seek to make profits nor could it exercise a policy-making role in respect of the business of its members. The number of persons it may employ would also be limited, to 500.

The members would determine the amount and nature of contributions they intended to make to the ECG, which might well, to start with, operate only on the basis of its members' own assets, experience and staff. To balance the substantial degree of contractual freedom, the lack of any rigid structures and the reversible nature of an ECG, the draft Regulation provides for the joint and several liability of its members for its debts.



More loans for UK

□ The Commission recently announced a loan of £65 million to the National Coal Board to help finance the new mine at Selby, Yorks;

□ It has also announced a further series of loans totalling just over £1 million to build houses for miners and steelworkers.

More EC visitors

In 1977, 5,258,000 people from other Community countries came to Britain, an increase of 16 per cent over the previous year.

Noise

A seminar and exhibition on Noise, with a contribution on EEC anti-noise efforts, is being held at the College of Technology, Darlington, on September 5-7, 1978. Details from Printerhall Ltd, 29 Newman Street, London W1.

Secondary Schools

Guidance and Orientation in Secondary Schools is the title of a study prepared for the Commission by I. R. McMullen. It is available from HMSO at £1.30.

The New Europe

Subtitled *An Economic Geography of the EEC*, and published by Hodder and Stoughton at £3.95, this is a detailed and well-illustrated account of the Community's recent geographical and economic evolution, written by G. N. Minshull, Senior Lecturer in Geography at Worcester College of Higher Education.

The Common Market

This is the title of a new book, illustrated in full colour, by Paul Armitage, published by Macdonald Educational in their Macdonald Countries series. In large format and attractive form it gives a clear and concise account of the Community. Its price is £2.50.

Quotation of the Month

'We must persuade national voters themselves to bring pressure on national governments to make proper use of the opportunities which the Community offers. This, of course, is a political task requiring political skills. But then Commissioners are — and should be — practising politicians.'

Christopher Tugendhat, speaking in London on June 1, 1978.



Sickness expenses in another Community country

Under the social security regulations of the European Communities for migrant workers, insured persons — whether employed workers or pension holders, and members of their family — who go to stay in a Community country other than the one in which they live may receive sickness insurance benefits if they need immediate medical attention during their stay.

Before going on holiday, those concerned must obtain Form E 111 certifying their right to sickness insurance benefits. This form may be obtained from the organization with which they are covered.

In the event of sickness or accident during a stay in another Community country, those concerned must apply to the nearest competent sickness insurance organization, taking Form E 111 with them. These organizations are listed on the back of the form. This form is not required when staying in the UK, nor is it needed by nationals of the UK staying in Denmark or Ireland.

Sickness expenses (medical care, medicines, hospital treatment, etc.) will be paid by the insurance organization at the place where the insured person is staying, in accordance with the system in force in that country.

Generally speaking, in Denmark, Germany, Ireland, Italy, the

Netherlands and the United Kingdom, medical care is given free by doctors approved by the insurance organizations. Medicines are also provided free in the Netherlands and in Ireland. In the other countries insured persons are required to make a contribution.

In Belgium, France and Luxembourg the insured person must normally pay all or part of the costs incurred and is then reimbursed by the competent sickness insurance organization at the place where he is staying, in accordance with the scale applied to persons insured with that organization.

Moreover, if, during his stay, sickness or accident renders him unfit for work, the worker may receive the daily benefits provided for under the regulations of the country where he is insured. The worker must inform the insurance organization at the place where he is staying, by submitting a medical certificate of unfitness for work, and he must be examined by its medical adviser. This organization will then request the organization with which the worker is insured for cash payment of the benefits. The latter, if the worker is so entitled, will pay him the benefits by international money order or through the organization at the place where he is staying.